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FISCAL IMPACT STATEMENT

LS 6006

BILL NUMBER: HB 1054

NOTE PREPARED: Oct 29, 2002

BILL AMENDED:

SUBJECT: Sales Tax Exemption for ATVs.

FIRST AUTHOR: Rep. Goodin

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill exempts a retail transaction involving an all terrain vehicle (ATV) from the state Gross Retail Tax if the person acquiring the ATV intends to use it for agricultural purposes.

Effective Date: July 1, 2003.

Explanation of State Expenditures:

Explanation of State Revenues: This bill will reduce the amount of revenue the state receives from the 6% Sales Tax. The exemption is estimated to reduce state Sales Tax revenue by between \$300,000 and \$700,000 in each of FY 2004 and FY 2005.

Current law (IC 6-2.5-5-2) exempts transactions involving farm machinery and equipment if the person acquiring the property acquires it for the production, extraction, harvesting, or processing of agricultural commodities. This bill expands this exemption to include all terrain vehicles.

Background Information: The estimates above are based on Sales Tax data collected from sellers of motorcycles and ATVs. These data were adjusted to estimate the dollar value of ATV sales using Bureau of Motor Vehicle registration and excise tax data. Exempted purchases were estimated to constitute between 10% and 25% of all ATV sales.

P.L. 192-2002 (ss) increased the Sales Tax rate to 6% and modified the distribution of Sales Tax revenue. The increase becomes effective on December 1, 2002, and the distribution changes become effective on January 1, 2003. After January 1, 2003, Sales Tax revenue will be deposited in the Property Tax

Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Loan Fund (0.033%).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources: Bureau of Motor Vehicles, *2001 Registration Statistics for All Counties*; Department of Revenue; United States Department of Agriculture, *Census of Agriculture-1997*.

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